



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: 1993-94 APPROPRIATION SPENDING LIMIT

MEETING DATE: September 15, 1993

PREPARED BY: Finance Director

- RECOMMENDED ACTION:**
1. That the City Council adopt the Appropriation Spending Limit for FY 1993-94 of \$35,697,755, and
 2. Designate by Resolution the factors used in calculating the Appropriation Spending Limit as: (1) the California Per Capita Income growth factor of 2.72%; and, (2) the County Population Growth factor of 2.13% published by the Department of Finance, State of California on April 30, 1993.

BACKGROUND

The statutes regarding the adoption of the Appropriations Spending Limit are contained in Government Code Section 7910 and require the City Council to annually adopt by Resolution an Appropriation Spending Limit and to designate the factors used to calculate the Appropriation Spending Limit prior to the beginning of the fiscal year.

This year, as last year, the City did not adopt the Appropriation Spending Limit prior to the beginning of the Fiscal Year due to last minute changes in tax revenue distribution laws made by the State Legislature.

The City is required to report the Appropriation Spending Limit in two official publications:

- * The annual budget published by the City, and
- * The Annual Statement of Financial Transactions published by the State Controller's Office.

CALCULATION OF THE APPROPRIATION LIMIT

The appropriation spending limit is calculated by selecting factors published by the State Controller's Office and the County Auditor's Office. There are two adjustment factors from which to select. One factor is for inflation from which the City may select either the California Per Capita Income growth (2.72%) or the "increase in non-residential assessed valuation due to new construction" (not published by the County) and the other factor is for population growth from which the City may select either City population growth (.73%) or County population growth (2.13%).

APPROVED: _____

THOMAS A. PETERSON
City Manager



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The factors selected in calculating the 1993-94 Appropriation Spending Limit were the California Per Capita Income growth factor and the County population growth factor. These adjustment factors give the City the greater increase in the Appropriation Spending Limit.

APPROPRIATIONS SUBJECT TO LIMIT

The appropriation subject to limit for Fiscal Year 1993-94 is \$16,646,590 as shown on line C of Exhibit C. This amount is the proceeds from taxes plus investment earnings less allowable exclusions for debt service, qualified capital outlays, court orders and federal mandates. The exclusions are shown in Exhibit D (Excluded Appropriations), Exhibit E (User Fees to Costs) and F (Cost of Services and Proceeds of Taxes) and Exhibit G (Investment Earnings).

ANNUAL REVIEW AND ENFORCEMENT

Proposition 111 (Section 1.5 of Article XIII B) also requires that the annual calculation of the limit be reviewed as part of the annual financial audit which is now scheduled to be completed prior to November 1993 by the City's auditors, KPMG Peat Marwick.

Attachments

Resolution Adopting the Annual Appropriation Limit and Appropriation Subject to Limit

Exhibits A through G - Calculation of Appropriation Limit and Appropriations Subject to Limit
"Price and Population Data for Local Jurisdictions" published by the Department of Finance dated April
30, 1993

RESOLUTION NO. 93-112

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**RESOLUTION ADOPTING THE APPROPRIATION LIMIT
AND ADJUSTMENT FACTORS SELECTED TO CALCULATE THE
LIMIT FOR FISCAL YEAR 1993-94**

WHEREAS, the City Council of Lodi is required to adopt the Appropriation Spending Limit; and

WHEREAS, the City Council is required to designate the annual adjustment factors selected to calculate the Appropriation Spending Limit, and

WHEREAS, the City has selected the California Per Capita Income growth rate and the San Joaquin County Population Growth rate published by the California Department of Finance, and

WHEREAS, the Appropriation Spending Limit was not adopted prior to the beginning of the Fiscal Year due to the uncertainty of tax revenues due to changes in State tax distribution laws by the State Legislature in June 1993, and

WHEREAS, the changes in the State tax laws have significantly impacted the calculation of the Appropriation subject to limit.

NOW, THEREFORE the City Council of the City of Lodi adopts the Appropriation Limit for Fiscal Year 1993-94 of \$35,697,755 and designates the adjustment factors for calculation of the Appropriation Spending Limit as: (1) the California Per Capita Income growth factor of 2.72 %; and, (2) the San Joaquin County Population growth factor of 2.13 %.

Dated: September 15, 1993

I do hereby certify that Resolution No. _____ was passed and adopted by the City council of the City of Lodi in a regular meeting held September 15, 1993 by the following vote:

AYES: Council Members -

NOES: Council Members -

ABSENT: Council Members -

Jennifer Perrin

City Clerk

Dated: September 15, 1993

I do hereby certify that Resolution No. _____ was passed and adopted by the City council of the City of Lodi in a regular meeting held September 15, 1993 by the following vote:

AYES: Council Members -

NOES: Council Members -

ABSENT: Council Members -

Jennifer Perrin
City Clerk

City of Lodi
Appropriations Spending Limit
FY 1993-94

EXHIBIT A

	Amount	Source
A. Last Year's Limit	34,027,028	
B. Adjustments Factors		
1. Population %	1.0213	(Exhibit B)
2. Inflation %	1.0272	(State Finance)
Total Adjustment %	1.0491	(B1*B2)
C. Annual Adjustment	1,670,727	(B*A)
D. Other Adjustments	None	
E. Total Adjustments	1,670,727	(C+D)
F. This Year's Limit	35,697,755	(A+E)

City of Lodi
Appropriations Spending Limit
Growth Factors/Calculations

EXHIBIT B

GROWTH FACTORS:		%Increase	
Fiscal Year	Per Capita Income	City Population	County Population
87-88	3.47	5.72	3.33
88-89	4.66	4.96	3.32
89-90	5.19	2.52	2.20
90-91	4.21	2.26	2.23
91-92	4.14	1.19	2.64
92-93	-0.64	0.97	2.41
93-94	2.72	0.73	2.13

CALCULATIONS:			Appropriation Spending Limit
Fiscal Year	Calculation		
87-88	$1.0347 \times 1.0572 = 1.0939$ $1.0939 \times \$22,654,787$	=	\$24,782,072
88-89	$1.0466 \times 1.0496 = 1.0985$ $1.0985 \times \$24,782,072$	=	\$27,223,106
89-90	$1.0519 \times 1.0252 = 1.0784$ $1.0784 \times \$27,223,106$	=	\$29,357,398
90-91	$1.0421 \times 1.0226 = 1.0657$ $1.0657 \times \$29,357,398$	=	\$31,286,179
91-92	$1.0414 \times 1.0264 = 1.0689$ $1.0689 \times \$31,286,179$	=	\$33,441,797
92-93	$.9936 \times 1.0241 = 1.0175$ $1.0175 \times \$33,441,797$	=	\$34,027,028
93-94	$1.0272 \times 1.0213 = 1.0491$ $1.0491 \times \$34,027,028$	=	\$35,697,755

APPROPRIATIONS SUBJECT TO LIMITATION

EXHIBIT C

City of Lodi
Fiscal Year 93-94

	AMOUNT	SOURCE
A. PROCEEDS OF TAXES	16,826,990	(Exhibit F)
B. EXCLUSIONS	180,400	(Exhibit D)
C. APPROPRIATIONS SUBJECT TO LIMITATION	16,646,590	(A-B)
D. CURRENT YEAR LIMIT	35,697,755	(Exhibit A)
E. OVER(UNDER) LIMIT	(19,051,165)	(C-D)

$$\frac{16,646,590}{35,697,755} = 46.63\%$$

EXCLUDED APPROPRIATIONS

EXHIBIT D

City of Lodi
FY93-94

CATEGORY	Amount
COURT ORDERS	
Subtotal	None
FEDERAL MANDATES	
Subtotal	None
QUALIFIED CAPITAL OUTLAYS	
Subtotal	None
QUALIFIED DEBT SERVICE	180,400
Subtotal	180,400
TOTAL EXCLUDABLE	180,400

(Copy to Exhibit C & G)

City of Lodi
Schedule to Match User Fees to Costs
For the Fiscal Year 1993-94

EXHIBIT E

User Fee Revenue Department/Division	User Fee Collections	% of Revenue to Cost	Costs Associated With User Fees	Excess of User Fees Over Costs
Planning	50,000	4%	1,250,000	0
Engineering	163,900	35%	468,286	0
Building Inspection	178,700	93%	192,151	0
Police	90,900	34%	267,353	0
Parking Meter	93,200	74%	125,946	0
Customer Services	299,100	95%	201,900	0
Animal Shelter	11,900	56%	21,250	0
Community Center	103,800	46%	225,652	0
Parks & Recreations	390,300	68%	573,971	0
Waste Removal fees	5,426,400		5,490,500	0
Library fees	47,000		1,008,770	0
Contributions:				
Water Fund	750,000			750,000
Sewer Fund	385,000			385,000
Electric Fund	3,218,690			3,218,690
Total	11,208,890		9,825,778	4,353,690

Calculation of Proceeds of Taxes

EXHIBIT F

City of Lodi
FY 93-94

REVENUE	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
TAXES:			
Property Taxes	4,574,800	180,400	4,755,200
Sales & Use Tax	5,180,000		5,180,000
Business License Tax—Revenue	94,000		94,000
Franchise Fees	535,600		535,600
Transient Occupancy Tax	247,300		247,300
Real Property – Documentary	56,000		56,000
Other Taxes	0		0
FROM STATE			
Motor Vehicle In Lieu	1,785,600		1,785,600
State H—way Maintenance		5,100	5,100
Gas Tax		923,400	923,400
Cigarette tax			
Library Serv Act State Grant		33,000	33,000
Transportation Development Act		653,970	653,970
TDA – Pedestrian/Bike Path		20,200	20,200
SB 300 Transportation Partnership		151,300	151,300
Measure K Funds		461,500	461,500
State Reimbursements—POST		66,000	66,000
Public Library Foundation		15,000	15,000
SB90 Reimbursements		85,000	85,000
Asset Seizure Funds		53,600	53,600
LOCALLY RAISED			
Fines, Forfeitures, Penalties		135,400	135,400
Development Fees		2,810,200	2,810,200
USER FEES (from Exhibit E)	4,353,690	6,855,200	11,208,890
OTHER MISCELLANEOUS			
Sale of Property		20,000	20,000
County Recreation Allotment		0	0
County CRACNET		78,000	78,000
LUSDDrug Suppression Grant		65,500	65,500
Restitution—Damage to Property		10,000	10,000
Interfund Transfers		1,663,175	1,663,175
SUB—TOTAL (for Exhibit G)	16,826,990	14,285,945	31,112,935
INTEREST EARNINGS (from Exhibit G)	131,459	114,241	245,700
TOTAL REVENUE (use for Exhibit C)	\$16,958,449	\$14,400,186	\$31,358,635
RESERVE WITHDRAWALS (Including appropriated Fund Balance)			(106,660)
TOTAL OF THESE FUNDS			\$31,251,975
OTHER FUNDS NOT INCLUDED			32,635,600
GRAND TOTAL BUDGET			63,887,575

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**Interest Earnings
Produced by Taxes**

City of Lodi
Fiscal Year 93-94

	AMOUNT	SOURCE
A. NON-INTEREST TAX PROCEEDS	16,826,990	(Exhibit F)
B. MINUS EXCLUSIONS	180,400	(Exhibit D)
C. NET INVESTED TAXES	16,646,590	(A - B)
D. TOTAL NON-INTEREST BUDGET	31,112,935	(Exhibit F)
E. TAX PROCEEDS AS PERCENT OF BUDGET	53.50%	(C/D)
F. INTEREST EARNINGS	245,700	
G. AMOUNT OF INTEREST EARNED FROM TAXES	131,459	(E * F)
H. AMOUNT OF INTEREST EARNED ON NON-TAXES	114,241	(F - G)
I. Take the result of steps #G & H Copy on to Exhibit F		

DEPARTMENT OF FINANCE915 L STREET
SACRAMENTO, CA 95814-4938

RECEIVED

MAY 14 1993

FEDERAL TAX



April 30, 1993

PRICE AND POPULATION DATA FOR LOCAL JURISDICTIONS**Appropriations Limit**

Article XIII B of the California Constitution specifies that appropriations made by State and local governments may increase annually by a factor comprised of the change in population combined with either the change in California per capita personal income or the change in the local assessment roll due to local nonresidential construction.

The Department of Finance is mandated to provide the population and California per capita personal income change data for local jurisdictions to calculate their appropriation limits. The change in the local assessment roll due to local nonresidential construction may be obtained from your county Assessor. The enclosures contain price and population factors for setting your 1993-94 appropriation limit.

Enclosure I provides the change in California's per capita personal income price factor. An example of how to utilize this price factor and the population percentage change factor in calculating your 1993-94 limit is included.

Enclosure II provides the population percentage change factors for cities and counties.

Enclosure IIA provides the population percentage change factor for counties and for the total incorporated population of each county.

These population percentage changes were prepared pursuant to Sections 2227 and 2228 of the Revenue and Taxation Code and are calculated as of January 1, 1993. Section 2227 specifies that state mental institutions, federal military bases and state and federal prisons be excluded from the percentage change calculations.

Population Factors for Cities and Counties

Cities and counties should consult Section 7901 of the Government Code for the various population factors that may be used for purposes of change in population.

Population Factors for Special Districts

Special districts should consult Section 7901 of the Government Code and Section 2228 of the Revenue and Taxation Code for the various population factors that may be used for purposes of change in population.

- A. Price Factor: Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. Local jurisdictions may select either the percentage change in California per capita personal income or the percentage change in the local assessment roll due to the addition of local nonresidential new construction. If the percentage change in per capita personal income is selected, the percentage changes to be used in setting 1993-94 appropriation limit are:

Per Capita Personal Income

Fiscal Year (FY)	Percentage change over prior year
1993-94	2.72

- B. Following is an example using sample population changes and the changes in California per capita personal income as growth factors in computing a 1993-94 appropriations limit.*

1993-94:

Per Capita Change = 2.72 percent
Population Change = 1.85 percent

Per Capita converted to a ratio: $\frac{2.72 + 100}{100} = 1.0272$

Population converted to a ratio: $\frac{1.85 + 100}{100} = 1.0185$

Calculation of factor for FY 93-94: $1.0272 \times 1.0185 = 1.0462$

* Conversion of the factor to a ratio eliminates minus numbers.

ANNUAL PERCENTAGE CHANGE IN POPULATION MINUS EXCLUSIONS* JANUARY 1, 1992
TO JANUARY 1, 1993 AND TOTAL POPULATION JANUARY 1, 1993.

DATE PRINTED
04/26/93

COUNTY CITY	POPULATION MINUS EXCLUSIONS			TOTAL POPULATION 1-1-93
	ANNUAL PERCENT CHANGE 1992 TO 1993	POPULATION		
		1-1-92	1-1-93	
SAN JOAQUIN				
ESCALON	1.20	4,920	4,979	4,979
LATHROP	5.61	7,026	7,420	7,453
LODI	0.73	53,310	53,701	53,701
MANTECA	2.89	42,248	43,469	43,469
RIPON	2.09	8,221	8,393	8,393
STOCKTON	1.81	220,795	224,781	226,255
TRACY	6.69	37,966	40,507	40,507
UNINCORPORATED	1.48	122,415	124,231	129,748
SAN JOAQUIN COUNTY				
	2.13	496,901	507,481	514,505

* EXCLUSIONS INCLUDE STATE MENTAL INSTITUTIONS, FEDERAL MILITARY BASES AND STATE AND FEDERAL PRISONS.

RESOLUTION NO. 93-112

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WHEREAS, the Appropriation Spending Limit was not adopted prior to the beginning of the Fiscal Year due to the uncertainty of tax revenues due to changes in State tax distribution laws by the State Legislature in June 1993, and

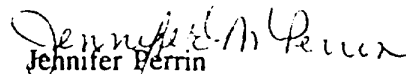
WHEREAS, the changes in the State tax laws have significantly impacted the calculation of the Appropriation subject to limit.

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Dated: September 15, 1993

I do hereby certify that Resolution No. 93-112 was passed and adopted by the City council of the City of Lodi in a regular meeting held September 15, 1993 by the following vote:

AYES:	Council Members -	Davenport, Mann, Sieglock, Snider, and Pennino (Mayor)
NOES:	Council Members -	None
ABSENT:	Council Members -	None


Jennifer Perrin
City Clerk